

Message Text

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ACTION EUR-12

INFO OCT-01 ARA-14 IO-14 ISO-00 EB-07 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-02 EPG-02 AID-05
SS-15 STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02
FEAE-00 OMB-01 OIC-02 /126 W
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R 091340Z JUN 77
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 2108
INFO AMEMBASSY PARIS
USMISSION GENEVA
USUN NEW YORK 0695
AMEMBASSY CARACAS
AMEMBASSY BUENOS AIRES
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

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FOR USMTN PARIS FOR USOECD

E.O. 11652: N/A
TAGS: ETRD CIEC EGEN
SUBJECT: RESULTS OF CIEC MINISTERIAL - BRAZILIAN PRESS REACTION

REFS: (A) PARIS 16351, (B) BRASILIA 3718

1. SUMMARY. REVIEWING THE RESULTS OF THE PARIS CONFERENCE, BRAZIL'S TWO LEADING NEWSPAPERS TOOK A NEGATIVE, ALTHOUGH RELATIVELY MODERATE, STANCE. SOME OF THE OTHER MAJOR PAPERS DISPLAYED CONSIDERABLE HOSTILITY TOWARD G - 8 POSITIONS. SECRETARY'S SPEECH AND UNDER SECRETARY COOPER'S INTERVIEW BEFORE OPENING OF THE CONFERENCE WERE, HOWEVER, ACCURATELY REPORTED. FOREIGN MINISTER SILVEIRA RECEIVED FAVORABLE PUBLICITY EVEN FROM PAPERS NORMALLY HOSTILE TO HIS THIRD-
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WORLDISH POSITIONS. PRESS, BY AND LARGE, ENDORSED
G - 19 DEMANDS. END SUMMARY.

2. REVIEWING THE PARIS CONFERENCE, RIO'S JORNAL DO BRASIL
AND SAO PAULO'S O ESTADO STRESSED THE LIMITED, IF PREDICTABLE, NATURE OF THE RESULTS. UNDER HEADING "EMPTY

DIALOGUE", JORNAL DO BRASIL (JUNE 3) NOTED THE IMPORTANCE OF THE US ATTITUDE FOR NORTH-SOUTH RELATIONS. THE US, THE PAPER SAID, WAS ENGAGED IN IMPLEMENTING A NEWLY CONCEIVED FOREIGN POLICY, AND ANY INTERNATIONAL NEGOTIATION, TO BE EFFECTIVE, WOULD HAVE TO TAKE THIS INTO ACCOUNT. WASHINGTON'S NEW FOREIGN POLICY WAS NOT JUST A PRODUCT OF THE ELECTION CAMPAIGN BUT DERIVED FROM A RECOGNITION THAT THE WESTERN WORLD MUST BE ADAPTED TO THE DEMANDS OF THE TIMES. THE ELITE NOW CONTROLLING US DECISIONS CERTAINLY UNDERSTOOD THAT THE INEQUALITIES PERPETUATED BY THE EXISTING INTERNATIONAL ORDER WOULD EXACERBATE A RESENTMENT CAPABLE OF ANNULLING PRESIDENT CARTER'S OBJECTIVES, LAID OUT IN SPEECHES SUCH AS THAT AT "NOTRE DAME.

3. WHAT HAD BEEN WITNESSED SO FAR, THE PAPER SAID, WAS AN EXERCISE IN RHETORIC. THE POOR COUNTRIES CONTINUED TO BE PRISONERS OF THE PRE-CONCEIVED IDEA THAT THEIR CONDITION WAS THE RESULT OF DC POLICY. BUT THE RICH COUNTRIES ALSO HAD NOT SHOWN ANY INCLINATION TO CONTRIBUTE IN A DECISIVE MANNER TO THE ATTENUATION OF EXISTING DISPARITIES. NO PURPOSE WAS BEING SERVED BY THE CREATION OF NEW FORA IF THERE WAS NO CHANGE IN MENTAL ATTITUDES.

4. O ESTADO'S COMMENTS (JUNE 3) WERE IN A SIMILAR VEIN. THE INDUSTRIAL COUNTRIES HAD GIVEN THE CONCEPT OF INTERDEPENDENCE A QUITE RESTRICTED MEANING, INSPIRED BY IDEAS OF AN INTERNATIONAL DIVISION OF UNCLASSIFIED

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LABOR CURRENT IN THE NINETEENTH CENTURY. THE DEPENDENCE OF THE LDCS HAD BEEN AGGRAVATED BY THE RISE IN OIL PRICES, AND THEY NOW FOUND THEMSELVES IN A FLAGRANTLY INFERIOR POSITION IN RELATION NOT ONLY TO THE INDUSTRIAL BUT ALSO THE OPEC COUNTRIES. ADDING TO THIS SOMBER PICTURE, O ESTADO SAID, WAS THE RECOMMENDATION MADE BY THE IMF'S MANILA MEETING THAT THE FINANCIAL COMMUNITY SHOW GREATER CAUTION IN MAKING LOANS BECAUSE LIMITS OF RISK WERE BEING REACHED.

5. THE PARIS DIALOGUE, THE PAPER SAID (JUNE 4), HAD BROUGHT ONLY FRUSTRATION, INSTEAD OF OPENING THE ROAD -- AS IT COULD HAVE -- TO TRUE REFORMS. NO ONE COULD HAVE REASONABLY EXPECTED, IN SUCH A SHORT TIME, SPECTACULAR PROGRESS; BUT WHAT HAD BEEN ACCOMPLISHED WAS SO LITTLE, IN THE END, AS TO BE ALMOST LAUGHABLE. THE AGREEMENT ON THE COMMON FUND SEEMED A MINIMAL ACHIEVEMENT FOR SO MUCH WORK, WHILE THE SPECIAL ACTION FUND SHOULD NOT HAVE REQUIRED ALMOST A YEAR AND A HALF TO BE ESTABLISHED.

THE IMF HAD REACHED AGREEMENT MUCH MORE QUICKLY ON THE SUPPLEMENTARY FINANCING FACILITY.

6. COMMENTING ON THE COMMUNIQUE, O JORNAL (JUNE 4) SAID, STRIKING A BALANCE OF THE AGREED AND DISAGREED POINTS, PRACTICALLY AN EQUILIBRIUM HAD BEEN REACHED. THE PROBLEM WAS THAT THE AGREED POINTS FREQUENTLY DID NOT HAVE REAL RELEVANCE OR REMAINED EXCESSIVELY VAGUE WHILE THE DIS-AGREEMENTS WERE CONCRETE AND SERIOUS. THE HOPE OF THE LDCS FOR A TRUE CHANGE IN ATTITUDES -- DERIVED FROM STATEMENTS BY PRESIDENT CARTER AND SECRETARY VANCE IN THE WEEKS PRECEDING THE CONFERENCE -- HAD BEEN DIS-APPOINTED.

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7. COMMENT IN SOME OF THE OTHER MAJOR PAPERS WAS CONSIDERABLY SHARPER. UNDER THE HEADING "IMF RETURNS AS SHERIFF," FOLHA DE SAO PAULO (JUNE 3) SAID US POLICY ON "INDEXING" REMAINED UNCHANGED, I.E., US POLICY HAD ALWAYS BEEN TO "INDEX" PRIMARY PRODUCTS PRICES TO THE NEEDS OF THE EXPORTER OF MANUFACTURED GOODS -- BY FURNISHING LOANS SUFFICIENT FOR THE THIRD WORLD TO PAY ITS DEBTS AND THE PRICE OF IMPORTED MANUFACTURED GOODS, AND TO

PROVIDE FOR THE REPATRIATION OF THE PROFITS OF
THE MULTINATIONALS. EVERYTHING INDICATED THAT
THE IMF WOULD RETURN TO EXERCISE THE ROLE OF SHERIFF
IN THE THIRD WORLD. SECRETARY BLUMENTHAL, THE PAPER
SAID IN REFERENCE TO HIS TOKYO SPEECH, SOUGHT NOTHING
MORE, NOTHING LESS THAN THAT IMF PERSONNEL PARTICIPATE
IN THE NEGOTIATIONS OF PRIVATE LOANS AND THAT THESE
LOANS BE SUBMITTED TO IMF CRITERIA. THE IMF THUS WOULD
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PERFORM THE DISAGREEABLE TASK OF PRESSING THE DEBTORS
TO A MORE AUSTERE LIFE SO THAT CHASE AND CITICORPORATION
WOULD NOT CRACK BY VIRTUE OF "OVER EXTENSION" N I.E.,
THE SHAMELESS SPECULATION IN WHICH THEY WERE ENGAGED
WITH THE MONEY OF THEIR SHARE-
HOLDERS AND DEPOSITORS.

8. UNDER THE HEADING "ADJUSTMENTS VITAL FOR THE RICH
COUNTRIES", CORREIO BRASILIENSE (JUNE 2) COMMENTED THAT
THE LDC'S DEBT BURDEN, NOW ALMOST \$200 BILLION, COULD
RESULT IN THE LOSS OF LDC MARKETS WITHOUT WHICH THE
INDUSTRIALIZED COUNTRIES COULD NOT SUSTAIN THEIR PROS-
PERITY. ALMOST ALL OF PRESIDENT CARTER'S TEAM HAD TIES
TO BIG BUSINESS. THE DC'S ALSO FACED THE NECESSITY OF
AVOIDING A REDUCTION IN THE EXPLORATION FOR RAW MATERIALS
THROUGH FINANCIAL COLLAPSE AND CONTRACTION OF INVESTMENT
RESULTING FROM THE FEAR OF POLITICAL INSTABILITY. HENRY
KISSINGER'S THEN ACADEMIC MENTOR, HARVARD PROFESSOR ELLIOTT
HAD WRITTEN AS EARLY AS 1955 THAT THE WEST'S MAJOR INTEREST
IN THE THIRD WORLD WAS THE ENLARGEMENT OF RAW MATERIALS
SUPPLIES AND THAT OF EXPORT MARKETS FOR INDUSTRIAL PRODUCTS.

9. MOST OTHER PAPERS DESCRIBING THE CONFERENCE, SPOKE
OF MINIMAL RESULTS, SLIGHT CHANGES IN THE US POSITION,
AND A SENSE OF FRUSTRATION, THUS EFFECTIVELY EMBRACING
THE POSITION OF THE G - 19. AN EXCEPTION WAS THE
GENERALLY FACTUAL AND FAVORABLE TREATMENT OF THE SECRE-
TARY'S SPEECH IN MAJOR PAPERS. JORNAL DO BRASIL (MAY 31)
REPORTED THAT THE SECRETARY HAD EXHORTED THE RICH COUNTRIES
TO SEARCH FOR A NEW WORLD ECONOMIC ORDER ALTHOUGH SOME
LATIN AMERICAN DELEGATIONS, THE PAPER REPORTED, HAD COMPLAINED
ABOUT HIS FAILURE TO PRESENT A CONCRETE PLAN. UNDER
SECRETARY COOPER'S WASHINGTON INTERVIEW, BEFORE THE OPENING
OF THE CONFERENCE, WAS FULLY REPORTED BY GAZETA MERCANTIL
(MAY 28), BRAZIL'S MAJOR ECONOMIC NEWSPAPER.

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10. FOREIGN MINISTER SILVEIRA'S ACTIVITIES RECEIVED PROMINENT AND FAVORABLE COVERAGE CONVEYING TO READERS THE IMPRESSION OF BRAZILIAN ACTIVITY AND LEADERSHIP. ON BEHALF OF THE G - 19, CONSIDERABLY IN EXCESS OF REALITIES. PAPERS REPORTED SILVEIRA'S DISSATISFACTION WITH THE ADVANCES MADE (O ESTADO, JUNE 2), AND NOTED THE PASSAGE FROM HIS SPEECH CHARGING A LACK OF DARING "TO ELEVATE THE LEVEL OF COMMITMENT IN RELATION TO IDENTIFIABLE SOLUTIONS". (SILVEIRA'S MEETING WITH THE SECRETARY, MAY 31, WAS ANOTHER SOURCE OF PROMINENT PRESS COVERAGE.) JORNAL DO BRASIL (JUNE 2) SAID SILVEIRA THOUGHT THE RESULTS RELATIVELY MODEST AND NOT CORRESPONDING TO THE EXPECTATIONS CREATED SEVENTEEN MONTHS EARLIER. "THE CONCERN TO ASSURE AN ADEQUATE EQUILIBRIUM, ON THE BASIS OF A STRICT EXCHANGE OF CONCESSIONS ... CLEARLY RESULTED IN A MODEST RESULT AND LOWEST COMMON DENOMINATOR." BUT, ARRIVING IN BRASILIA, SILVEIRA REFUSED TO CHARACTERIZE HIMSELF AS FRUSTRATED OR TO TERM THE CONFERENCE A FAILURE (JORNAL DO BRASIL, JUNE 3). HE SAID HE THOUGHT FAR MORE COULD HAVE BEEN ACCOMPLISHED, BUT HAD NOT EXPECTED MORE. THE ESTABLISHMENT OF A NEW ECONOMIC ORDER WOULD COME, BUT WOULD COME SLOWLY.

11. IN THE COURSE OF THE BRASILIA INTERVIEW, SILVEIRA IDENTIFIED TWO POSITIVE ASPECTS OF THE PARIS MEETING. HE THOUGHT THE MOST IMPORTANT ASPECT HAD BEEN THE CLIMATE OF RELATIVELY EASY DIALOGUE. COUNTRIES WERE BEGINNING TO GET USED TO WORKING UNDER MORE PRECISE MODELS. ALSO, WHILE THERE WAS A GREAT DEAL OF FIRMNESS IN POSITIONS, THE SETBACK WAS NOT IMPOSED, IN HIS VIEW, BY THE BIG COUNTRIES. HE THOUGHT THE US MORE FLEXIBLE WITH RESPECT TO SOME MEASURES THAN THE OTHERS.
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